



Betty T. Yee, Chairwoman State Board of Equalization

Serving the 8.5 million Californians of the First Equalization District,
comprised of 21 counties along the northern and central California coast,
including the entire San Francisco Bay Area.



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Quarterly e-Newsletter

Welcome to my e-newsletter for the third quarter of 2007. I hope you had an enjoyable summer.

Fall is upon us, and we welcome students back to school and join in ushering in the new football season. California Superintendent of Public Instruction Jack O'Connell and I took the opportunity of the start of the new school year to launch a statewide initiative to improve the financial management skills of California students. On September 25th, we joined San Francisco Unified School District Superintendent Carlos Garcia and San Francisco 49ers quarterback Alex Smith at Phillip and Sala Burton Academic High School in San Francisco to feature "Financial Football" --- an interactive money management video game with a football theme that we coached selected Burton High School students to play.

I believe all young people can reach their financial goals --- whether it be saving for college, opening a business, starting a family, or planning for retirement --- with smart planning and sound decisions. Practical hands-on tools, such as "Financial Football," are now available free to schools, students, teachers, and parents to help our youth understand how to make money work for them as they embark on the road to financial success.

Thank you to our community partners, the National Football League and VISA USA, for assisting us in distributing the "Financial Football" video game to every high school in California. And thanks to Superintendent O'Connell for developing a new California Department of Education website where students, teachers, and parents can access free, age-appropriate financial literacy learning tools offered by a variety of consumer organizations and financial institutions --- <http://www.cde.ca.gov/ci>.

Sincerely,

BETTY T. YEE
Chairwoman

To learn more about
services provided by
the State Board of
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call my office or
visit my website at:

www.boe.ca.gov/members/yee

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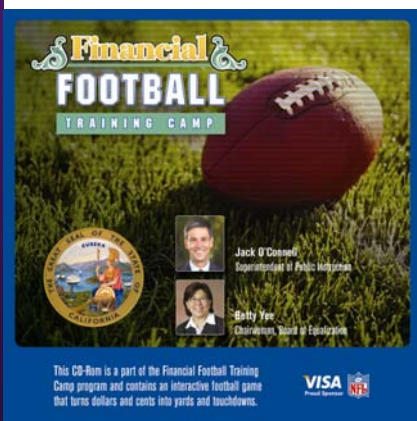
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Silicon Valley the Heart of the First Equalization District

Silicon Valley, known around the globe as the center of innovation and technology, represents a significant sector of California's economy. On July 18th, Chairwoman Yee addressed the Campbell Chamber of Commerce luncheon before over 100 business owners and Campbell community leaders about the role of the State Board of Equalization (BOE) in helping businesses get established and grow as well as current and emerging issues facing the Board. Yee notes, "Campbell is Silicon Valley's best-kept secret. It has been able to maintain the feel of a small town while attracting small businesses to take up stake there." With a population of 37,000, Campbell is home to a diverse array of service businesses, from restaurants and food service to financial and computer-related services, including a new business to facilitate the recycling of electronic waste.



Silicon Valley also continues to be home to many established and developing high-technology firms. On September 21st, Chairwoman Yee joined the Silicon Valley Leadership Group's Tax Directors for a roundtable on issues affecting high-tech and biopharmaceutical firms, including income apportionment, valuation studies of high-tech and biopharmaceutical equipment, audit challenges, and the competitiveness of California's business climate. Yee states, "It is critical to maintain an open dialog with California's business leaders. California's economic health and revenues are dependent on the growth and success of these businesses that are engaged in our global economy."

Spanish Radio Station Assists with BOE Outreach

After providing assistance to hundreds of new and prospective small business owners in the First District, the Basic Sales and Use Tax Class in Spanish has a new supporter in KATD 990 AM and KIQI 1010 AM "La Unica" Radio, which has aired public service announcements (PSAs) in Spanish about these classes. These PSAs resulted in full classes on July 11th in San Jose, July 24th in Santa Rosa, and September 25th in Suisun City. Class attendees included entrepreneurs who are restaurateurs, auto wreckers, auto body repairers, clothing and footwear purveyors, florists, and grocers.

Thank you to Catherine Sorg of the Santa Rosa BOE District Office for her leadership in securing the cooperation of KATD 990 AM and KIQI 1010 AM "La Unica" Radio. And hats off to our group of instructors and aides Moises Barrera, Rosalinda Thomas, Ruth Arceo, and Harry Lucho of the San Jose BOE District Office; and Wendy Meza, Amanda Narves, and Rocio Wateyne of the Santa Rosa District Office.

Chairwoman Yee observes, "It is clear that small business owners from our emerging ethnic communities are committed to being successful in their businesses, including understanding and complying with their tax requirements."

Thank you also to Ping Bui, Connie Chang, Johnny Hui, and Jim Banh of the San Jose District Office, who taught the Basic Sales and Use Tax Class on September 11th in Chinese. They are committed to taking the class to a community venue next year to make attendance more convenient for business owners.



Historic Vote on Higher Taxes for “Alcopops”

On August 14th, Chairwoman Yee, Board Vice Chair Judy Chu, and State Controller John Chiang voted 3 to 2 to approve taxing flavored malt beverages (FMBs), commonly known as “alcopops,” at the same rate that distilled spirits are taxed. Commonly marketed to women and teens, FMBs contain distilled alcohol and currently are taxed as beer. Advocates for youth and other interests believe the higher tax rate on these products will discourage under-age teen drinkers from consuming these products.

Yee voted to approve the higher tax rate, but noted, “There will be challenges associated with taxing FMBs at the higher rate because there is no clear guidance under current California law about how these products ought to be classified --- as beer or as distilled spirits. However, this tax policy is about saving lives.” The Board and staff will be working diligently to seek the cooperation of the Legislature, California Department of Alcoholic Beverage Control, other states, and the alcoholic beverage industry in providing resources, information, and assistance to ensure successful implementation of the higher tax rate on FMBs once the rule is approved by the Office of Administrative Law in February 2008.

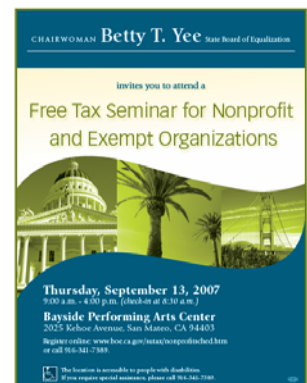
When asked if the higher rate of tax will have any significant effect, Yee responds, “It remains uncertain, but we have seen some promising results elsewhere. In Germany, where a higher rate of tax on FMBs has been in place for several years, Bacardi pulled products off store shelves this summer because sales had plummeted.”

San Mateo County Nonprofit Community Thriving

September 13th brought out over 300 attendees to the Free Tax Seminar for Nonprofit and Exempt Organizations at the Bayside Performing Arts Center in San Mateo. Attendees represented organizations involved in charitable work in the areas of education, environmental protection, services for children and youth, senior services, animal protection, and religious worship.

Commending the attendees, Chairwoman Yee says, “The nonprofit community consistently has picked up the slack where government services have fallen short of serving communities --- this is no different in the San Mateo County region. I applaud the seminar attendees for staying on top of their tax requirements so they can continue the important work that they do.”

Thank you to our sister agencies for their involvement with this seminar: the Internal Revenue Service, the Franchise Tax Board, the Employment Development Department, the Department of Justice, and the Alliance for Justice.



Empowering Women Politically and Financially

Chairwoman Yee continues to be recognized as a leader in mentoring women.



On August 10th, she participated in a training class in Burlingame, sponsored by EMILY's List for women interested in running for local and state elective office. Yee shared her insights with the training class participants about the rewards and realities of running for and serving in elective office, including how women candidates are perceived, talents and skills women have to offer in public office, and the personal sacrifices women must make to be successful in running for and serving in office.

Yee explains, "I personally am committed to getting more women in elective office, particularly those from other under-represented and underserved communities. I could not have been successful in my pursuit of elective office without the tremendous mentorship and counsel of some very remarkable women elected officials."



On September 5th, Chairwoman Yee co-sponsored her annual Women's Financial Conference with Assemblymember Sandré Swanson in Oakland, featuring a host of free resources to assist women with personal financial planning and small business development. Paula West, President and Founder of the Welsh Marketing & Public Relations Group and Center Stage West Salon, kicked off the conference with inspirational words and "pearls of wisdom" drawn from her own personal journey to successful entrepreneurship after her national broadcasting career ended.

A lifelong advocate for issues affecting women, Yee comments, "Women from all walks of life have so much to offer. They are especially gifted with the ability to multi-task and get results --- skills that are passed on from our grandmothers and mothers and honed from raising families, running households, and juggling work with family. I remain committed to convening resources for women to be successful in their personal and business lives."

Thank you to the following agencies for their involvement with this conference: the Mission Economic Development Agency; the Small Business Development Center at California State University, East Bay; Roth Consulting; the California Society of Certified Public Accountants; Collins, Mason & Coté; and the Internal Revenue Service.

Southeast Asian Americans as Effective Advocates

California's Asian Pacific Islander American (APIA) community is diverse, yet it often is widely perceived as a monolithic community. The fact: great disparities exist across the various groups that comprise the APIA community, including disparities in accessing public services and accommodations.

On September 18th, Chairwoman Yee was the keynote speaker at the Southeast Asian Resource Action Center's (SEARAC's) leadership training and advocacy conference in Sacramento. Founded as a national organization to advance the interests of Cambodian, Laotian, and Vietnamese Americans, initially to facilitate the relocation of Southeast Asian refugees into American society, SEARAC is working to make sure leaders are being developed within their own communities, who then can best advocate for the needs of their community, both before state legislatures and Congress.

Yee proclaims, "I am proud to be a part of fostering civic engagement and developing and mentoring leaders within the Southeast Asian communities. Thanks to the work and commitment of SEARAC, community leaders, business leaders, and local elected officials are emerging to positions where they can make a tremendous difference in ensuring the issues of their communities are addressed."

Holidays Are Around the Corner: Internet Sales and Taxes

The 2007 holiday season is fast approaching. Please remember that as you shop over the Internet this holiday season, you, as the consumer, may be responsible for reporting and paying use tax on your purchases, particularly if your on-line purchases are from an out-of-state retailer that does not have a physical presence in California.

If the on-line retailer from which you have made purchases does have a physical presence in California, it should be assessing and collecting sales tax on your purchases and then remitting it to the BOE.

You should check your sales receipts from the on-line retailer to see if tax has been charged on your purchase. For more information about the application of tax on Internet purchases, click on the following link: <http://www.boe.ca.gov/members/yee/taxsrvs/files/2006/PayUseTax.pdf>



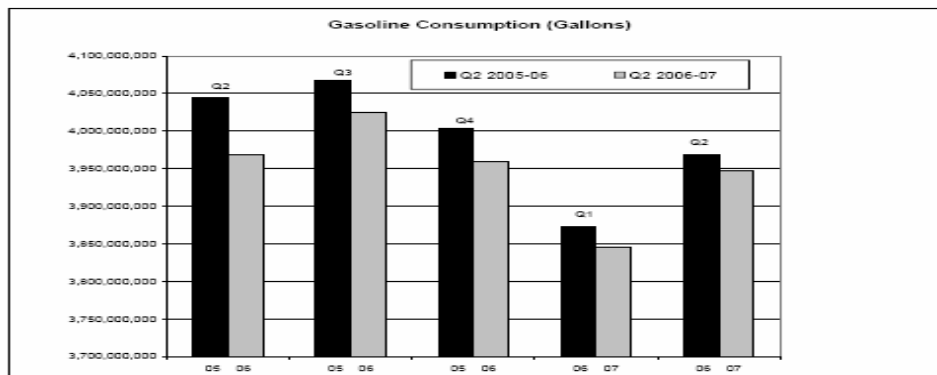
Gasoline Consumption Watch

In the BOE's continuing watch on gasoline consumption in California, Chairwoman Yee reports gasoline use declined 0.8% (10.5 million gallons) in April 2007, rose 0.8% (10.5 million gallons) in May, and dropped 1.6% in June compared to the same periods last year. Overall for the second quarter of 2007, gasoline consumption was 0.6% (22.1 million gallons) less than that for the second quarter of 2006.

"The price discrepancies may explain why consumers made different choices in May," said Yee. "In April, consumers paid 41 cents more than they did last year. May's price changes were relatively modest, rising by only 15 cents from a year ago." With regard to the June and second quarter figures, Yee notes, "Californians still use a lot of gasoline, but this drop in consumption certainly points to a continuing downward trend."

Although the BOE has seen significant increases in sales tax revenues from gasoline sales because of the higher prices, the continuing downward trend in consumption suggests these gains likely have been offset at least in part because consumers have less discretionary income to spend on other taxable items.

Number of gallons of gasoline consumed: In the second quarter of 2007, Californians used 22.1 million fewer gallons than they did in the second quarter of 2006.



Upcoming Events

October 2007

- 4 Basic Sales and Use Tax Class in Spanish (San Francisco)
- 11 Small Business Fair (Hayward)**
- 16 Basic Sales and Use Tax Class in English (Oakland)
- 16 Basic Sales and Use Tax Class in Vietnamese (San Jose)
- 18 Basic Sales and Use Tax Class in English (San Jose)
- 24 Basic Sales and Use Tax Class in English (Santa Rosa)

November 2007

- 8 Basic Sales and Use Tax Class in English (San Francisco)
- 14 Basic Sales and Use Tax Class in Spanish (San Jose)
- 15 Basic Sales and Use Tax Class in Spanish (Salinas)
- 20 Basic Sales and Use Tax Class in English (Oakland)
- 28 Basic Sales and Use Tax Class in Spanish (Oakland)

December 2007

- 6 Basic Sales and Use Tax Class in English (San Francisco)
- 12 Basic Sales and Use Tax Class in English (San Jose)